GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:132
ANSWERED ON:26.07.2016
Shifting Trend of Consumers
Raghavan Shri M. K.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether any study has been conducted to assess the shifting trend of the consumers to online retail trade and its impact on conventional retail trade and if so, the details and the outcome thereof;

b) whether any measures are being adopted to protect the interest of the conventional retailers, ensure product durability and check tax evasions; and

(c) if so, the details thereof?

Answer

THE MINISTER OF
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a) to (c) : A Statement is laid on the Table of the House.

*****

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO.*132 FOR 26.07.2016 REGARDING SHIFTING TREND OF CONSUMERS.

(a) : No such study has been conducted by the Government.

(b) & (c) : In order to protect the interest of the conventional retailers, Foreign Direct Investment (FDI) in the retail trading sector is being opened in a calibrated manner. In the multi-brand retail trading, so far only 51% FDI, that too under the Government route, is permitted. However, these openings are also subject to appropriate restrictions on e-commerce as it evolves.

For ensuring quality/durability of the products, various administrative Department/Ministries issues guidelines from time to time which are equally applicable to products purchased/sold through e-commerce. e.g., Department of Electronics and Information Technology has specified standard for 30 electronic and IT goods under compulsory registration scheme.

As regards taxation of e-commerce, Chapter VIII titled "Equalization Levy" has been inserted in the Finance Act, 2016. It provides for the following:-

(i) An equalisation levy of 6 % of the amount of consideration for any specified services (online advertisement, any provision for digital advertising space or any other facility or service for the purpose of online advertisement and other notified services) any received or receivable by a non-resident, from a resident in India who carries out business or profession, or from a non-resident having permanent establishment in India.

(ii) However, no such levy shall be charged if:

(i) the aggregate amount of consideration for specified services received or receivable by a non-resident from a person resident in India and carrying on business or profession or from a non-resident having a permanent establishment in India does not exceed one lakh rupees in any previous year.

(ii) the non-resident providing specified service has a permanent establishment in India and the specified service is effectively connected with such permanent establishment.

(iii) The equalization levy has been brought into force from 1st June, 2016.

*****